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18 April 1986

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OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

18 April 1986

MEMORANDUM FOR: Chief, Retirement Division

FROM:

SUBJECT: Senate Finance Committee Session on the Three-year
Recovery Rule

1. The committee room was packed and the overflow was handled by piping the sound from the session into an auditorium. I was one of about a hundred people in the auditorium.

2. Numerous amendments to Senator Packwood's proposals were discussed and voted upon. Most of the debate centered around the Heinz amendment (copy attached). It was approved by an 18-2 roll call vote, even though it was estimated to cost 2.3 billion over five years. There was clearly a lot of support for the Heinz amendment, but only Senator Heinz seemed to really understand the amendment. One Senator spoke accurately when he said, "We really don't know what we are doing here."

3. The Grassley amendment, approved by a roll call vote of 15-3, raises the figure in Section A. 1. of the Heinz amendment from \$7,000 to \$12,000. This was debated at length, and the debate indicated that \$12,000 was a very arbitrary figure. The Senators had difficulty agreeing on various facts and their implications, but still overwhelmingly agreed on the \$12,000 figure, even though this amendment's cost over five years was estimated at over one billion dollars.

4. The most important amendment for our purposes is the Chafee amendment. It would retain the current three-year recovery rule, at a cost of well over a billion dollars over the next five years. There was very limited debate on it. One Senator called it an "irrational exception" to normal pension rules. Another said most pensions are non-contributory and therefore Federal employees should have a different rule from the normal. The Chafee amendment passed by voice vote, but it was taken so quickly as the rush was on to finish by lunch time that I am not sure any opponents really had the opportunity to vote "no" as the vote was over before they had a chance to open their mouths. The committee approval of the Chafee amendment is definitely a victory for Federal employees, but the lack of interest and passion concerning it was clearly evident and indicates that future attempts to eliminate the three-year rule, perhaps in the House-Senate conference, could be successful despite the committee vote.